Saskatchewan Finance

Revenue Division
2350 Albert Street
Regina, Sask.
S4P 4A6

Information Bulletin

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Saskatchewan

THE PROVINCIAL SALES TAX ACT

INFORMATION ON THE TAXATION OF USED GOODS

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax. It is a general guide and not a substitute for the legislation.

Changes to this bulletin are indicated by a bar (|) in the left margin.

The contents of this bulletin are presented under the following sections:

A. Equipment and Business Assets
B. Trade-in Allowances
C. Rental of Used Goods/Business Assets
D. Personal Goods
E. Vehicles
F. Saskatchewan Electronic Tax Service (SETS)

A. EQUIPMENT AND BUSINESS ASSETS

Sale of Used Equipment

Tax must be collected on the selling price of used equipment. If an item is received in trade and tax has been paid on the trade-in, tax is collected on the cash difference. If tax was not paid on the trade-in item, tax must be collected on the full selling price. Tax is applicable on the subsequent sale of the trade-in.

Sale of Assets When a Business Ceases Operations

Tax must be paid by the purchaser on the purchase price of used assets that are acquired from a business that is ceasing operations. The purchaser must report and remit the tax within 30 days from the purchase date to Saskatchewan Finance.

For information on the taxation of business assets, please refer to Information Bulletin PST-60.

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B. TRADE-IN ALLOWANCES

When an item is received in trade, tax applies to the difference between the selling price of the goods and the value of the goods accepted in trade by the seller, provided the following conditions are met:

- The tax was previously paid in full on the trade-in; and,
- The trade-in is owned by the same person that is acquiring the new goods.

C. RENTAL OF USED GOODS/BUSINESS ASSETS

Tax applies on the total charge for the rental of taxable used goods/business assets (includes casual rental of business assets). All charges associated with the rental/lease of used goods are subject to tax. This includes any down payment, installation, handling, finance, termination, late, cleaning or maintenance charges and any other consideration paid by or agreed to be paid by the lessee/renter in order to obtain the right to use the goods.

When rental goods are sold, tax must be collected on the selling price.

The $300 exemption for personal goods does not apply to the rental of used goods.

D. PERSONAL GOODS

When individuals purchase used goods (other than vehicles) for personal use, tax applies to the selling price of the goods less a deduction of $300 per item. This deduction applies whether the goods are purchased from a business or privately. If a trade-in is involved, the purchaser is entitled to the $300 deduction or the value of the trade-in, whichever is greater. If the goods are purchased for commercial use, the $300 deduction does not apply.

Farm businesses and farm corporations that purchase used goods (other than vehicles) for personal use are entitled to a deduction of $300 per item.

E. VEHICLES

Effective November 8, 2007 Provincial Sales Tax (PST) no longer applies to eligible used light vehicles on which the PST has previously been paid in full. Used light vehicles that qualify for the exemption include:

- cars;
- sport utility vehicles;
- light vans (mini-vans, passenger vans and cargo vans that are rated one ton or less);and,
- light trucks (quarter ton, half ton, three-quarter ton and one ton).

Excluded from the exemption are heavy vehicles, buses, trailers, motor homes, campers, motorcycles, mopeds, and leisure vehicles such as ATV's, snowmobiles, boats and personal watercraft. These used vehicles are still subject to PST.

The tax applies to the cash difference on all new and taxable used vehicles involving a trade, providing the tax has been previously paid on the vehicle or goods accepted in trade.

The $3,000 allowance only applies to personal use vehicles that are purchased in a private transaction, commercial transactions do not qualify.

For more information on the taxation of vehicles and recreational equipment, please refer to Information Bulletin PST-18 and Information Bulletin PST-48.

F. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

Saskatchewan Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. The Saskatchewan Electronic Tax Service (SETS) offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

Businesses may use SETS to file and pay returns for Provincial Sales Tax and other provincial taxes.

SETS allows businesses to:

- File and pay returns or make payments on account.
- File a return and post-date the payment to the due date.
- View account balance and statement information.
- Authorize your accountant to file on your behalf.
- Subscribe to an E-mail Notification Service that allows the option to be notified by e-mail that a tax return should be filed (replaces the paper forms normally received in the mail).

FOR FURTHER INFORMATION

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Internet: Provincial Sales Tax bulletins, forms and information are available on the Internet at:

http://www.finance.gov.sk.ca/taxes/pst

To receive automatic e-mail notification when this (or any other) bulletin is revised, go to www.finance.gov.sk.ca/taxes, click on the "What's New" information then click on the "subscribe" button.